

Monday, September 09, 2024

# ScotiaRED

## ETF EDGE

## YOUR CANADIAN ETF SNAPSHOT: WEEK ENDING SEPTEMBER 6

### Notable Weekly Market News

- **Annual ETF Flow Record Loading:** US ETFs are on pace to reach (even surpass) the 2021 flow record (US\$911B) after taking in US\$609B YTD – 2024's YTD haul has already exceeded total inflows for 2023 and 2022. The demand for active, opportunities in fixed income, and overall broader ETF adoption are key drivers of ETF flows.
- **Traction in Gold ETFs:** the World Gold Council reported that Gold ETFs listed globally attracted positive flows for the fourth consecutive month after August inflows of US\$2.1B. Assets of Bullion ETFs at the end of August reached US\$257B.
- **What's the Opposite of FOMO?** [Bitcoin ETFs in the US suffered US\\$1.2B outflows last week](#), as they went through the longest streak of daily outflows since their January inception.

### ICYMI: OSFI LICAT: Life & Death with ETFs (Perels of Wisdom)

OSFI recently announced changes to [capital treatment guidelines](#) for life insurance companies – we believe these are good news for ETFs!

- OSFI's rules for life insurance capital have been relatively restrictive for some time.
  - Mutual funds (incl. ETFs) may be held on lifeco's balance sheet, but insurers are required to assume that any MF/ETF would be invested in the riskiest assets the fund is allowed to invest in.
  - Thus, insurers take a very conservative approach to the capital requirements associated with assets tied to MFs/ETFs, even if the funds hold low-capital assets, such as government bonds.
  - As a result, insurers have been avoiding fixed income ETFs on their balance sheets.
- In OSFI's recently published guidance, life insurance firms would be able to "calculate the credit and market risk factors for [ETFs] using the underlying exposures" pending some conditions.
  - It is reasonable to assume that lifecos will be more likely to adopt ETFs as a treasury portfolio management tool.
- *See attached PDF for a Perels of Wisdom in-depth commentary of OSFI's draft guidelines.*

### Last Week's Canadian ETF Market Summary (Detailed stats in attached PDF)

## Canadian ETF Weekly Snapshot

**41**

**ETF Providers**  
(+5% YoY)

**1459**

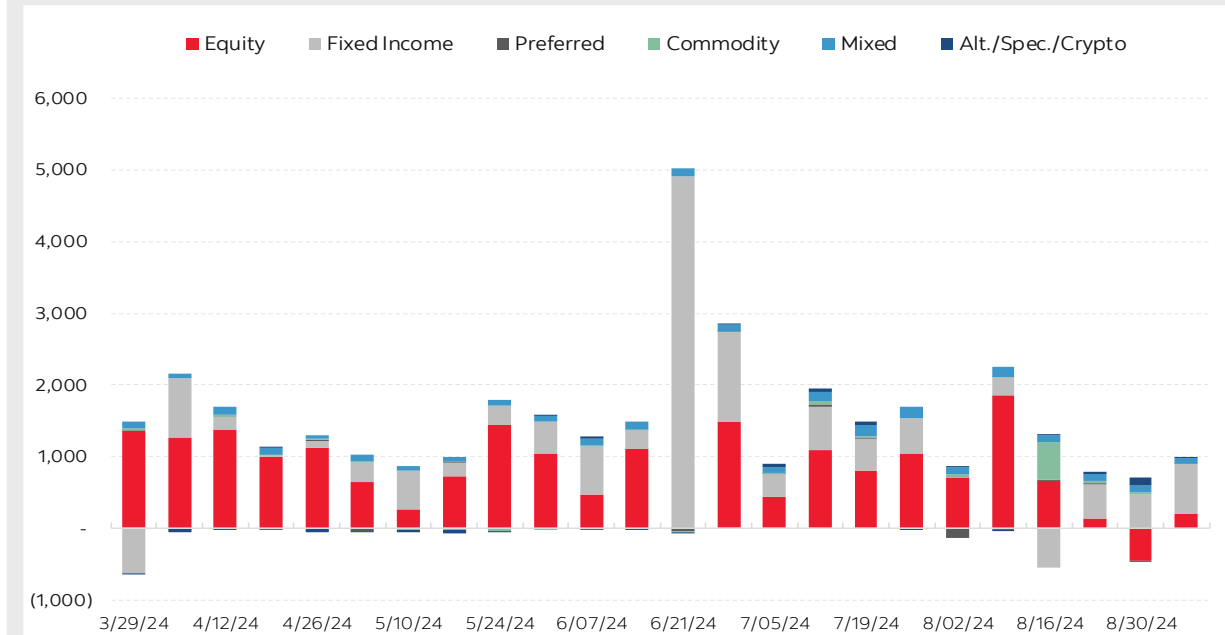
**ETFs**  
(+18% YoY)

**\$504B**

**CAD AUM**  
(+30% YoY)

**\$13.1B**

**Traded**  
(Last Week)

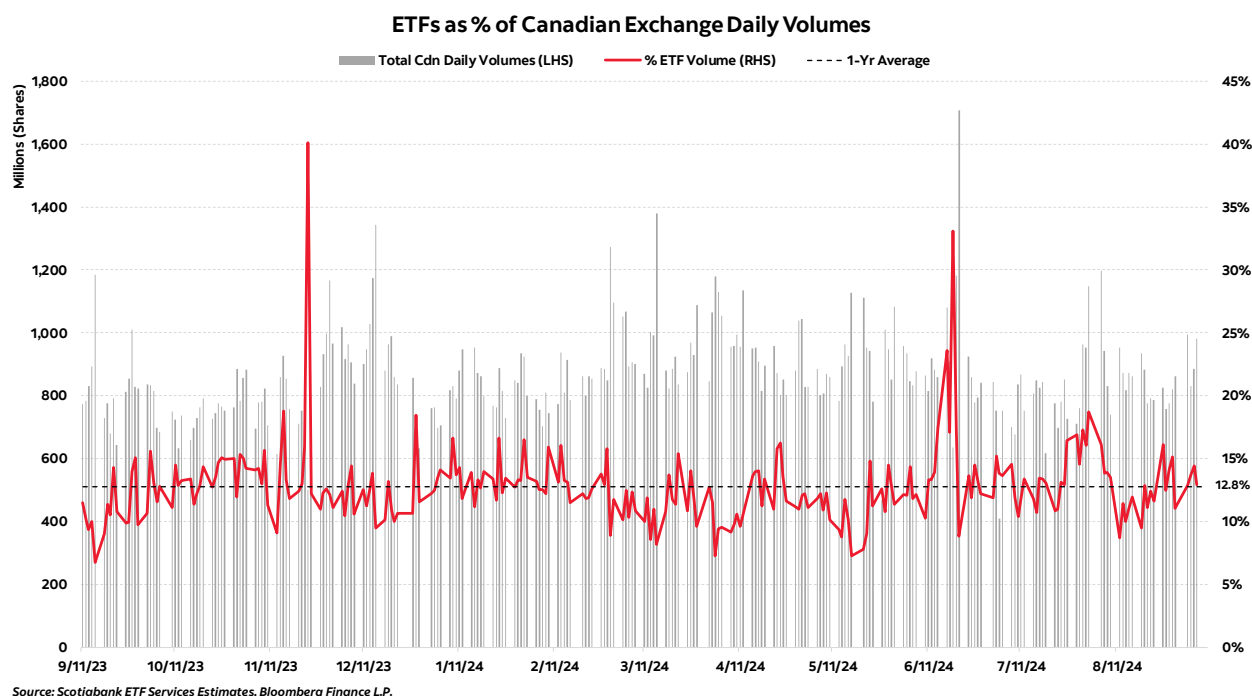


Source: Scotiabank ETF Services Estimates, Bloomberg Finance L.P.

Data is specific to Canadian-listed ETFs only

## Weekly Creation/Redemption by Asset Class

	\$ Traded (CAD M)	Short Int (% of SO)	AUM (CAD M)	Net C/R (CAD M)	Net C/R (% AUM)		
					1-Week	1-Month	1-Year
Fixed Income	2,230.6	0.3%	122,468	520.9	0.4%	1.2%	24.0%
Equity	8,646.9	0.7%	322,935	203.8	0.1%	0.4%	15.6%
Cash	835.1	0.8%	21,248	171.6	0.8%	-0.8%	-1.3%
Mixed Allocation	244.3	0.0%	18,865	74.6	0.4%	2.5%	35.0%
Specialty/Alternative	174.5	13.0%	3,260	56.0	1.8%	2.4%	3.5%
Commodity	550.5	0.5%	3,713	0.7	0.0%	19.3%	23.1%
Preferreds	104.3	1.1%	6,452	-4.4	-0.1%	0.2%	-8.2%
Cryptocurrency	299.7	0.2%	5,145	-43.2	-0.8%	0.5%	25.1%
<b>Total</b>	<b>13,085.9</b>	<b>0.5%</b>	<b>504,087</b>	<b>980.0</b>	<b>0.2%</b>	<b>0.7%</b>	<b>17.0%</b>



## New ETF Products

Weekly New ETF Prelim Filings		
Prelim Filing Date	Fund Manager	ETF
Weekly New ETF Approvals		
Approval Date	Fund Manager	ETF
September 3, 2024	RBC Global Asset Management	RBC U.S. Mid-Cap Growth Equity Fund - ETF Series (RUMG)
September 3, 2024	RBC Global Asset Management	RBC Life Science and Technology Fund - ETF Series (RLST)
September 5, 2024	Capital Group (Canada)	Capital Group Global Equity Select ETF (CAPG)
September 5, 2024	Capital Group (Canada)	Capital Group International Equity Select ETF (CAPI)
September 5, 2024	Capital Group (Canada)	Capital Group Multi-Sector Income Select ETF (CAPM)
September 5, 2024	Capital Group (Canada)	Capital Group World Bond Fund Select ETF (CAPW)
Weekly New ETF Launches		
Launch Date	Fund Manager	ETF

September 4, 2024

Evolve Funds Group Inc.

Evolve Canadian Utilities Enhanced Yield Index ETF  
(UTES)

## CONTACT US

Scotiabank Global Banking and Markets | ETF Services  
[etftrading@scotiabank.com](mailto:etftrading@scotiabank.com) | 416.863.7237

**Daniela Fajardo**, MBA, Associate Director  
416.860.1023 | Scotia Capital Inc.

**Morley Conn**, CFA, Director  
416.863.7882 | Scotia Capital Inc.

**Danielle Tygesen**, Analyst  
416.863.5902 | Scotia Capital Inc.

**Alex Perel**, CFA, MD & Head of ETF Services  
416.862.3158 | Scotia Capital Inc.

**Winnie Jiang**, CFA, Associate Director  
416.863.7295 | Scotia Capital Inc.

Please feel free to give us a call or click the link to [provide feedback](#).

**Registered ScotiaView users:** Click [here](#) to access Global Equity Research

**Scotiabank** | Global Banking and Markets | Scotia Plaza, 40 Temperance Street, 4th Floor, Toronto, Ontario  
Canada M5H 1Y4 [www.scotiabank.com](http://www.scotiabank.com)

Scotiabank is a business name used by Scotia Capital Inc.

**Scotiabank**<sup>TM</sup>  
GLOBAL BANKING AND MARKETS

© The Bank of Nova Scotia 2022

To unsubscribe from this specific note/publication, email [etfcommentary@scotiabank.com](mailto:etfcommentary@scotiabank.com)

*TM Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including Scotia Capital Inc., Scotia Capital (USA) Inc., Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank Group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability. Scotia Capital Inc. is a member of CIPF. Scotia Capital (USA) Inc. is a registered broker-dealer with the SEC and is a member of the NASD and SIPC. The Bank of Nova Scotia is authorised and regulated by the Office of the Superintendent of Financial Institutions of Canada. Scotia Capital Inc. is authorised and regulated by the Investment Industry Regulatory Organization of Canada. The Bank of Nova Scotia (London) and Scotiabank Europe plc. are authorised by the UK Prudential Regulation Authority. The Bank of Nova Scotia is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Scotiabank Europe plc is regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia 's regulation by the UK Prudential Regulation Authority are available upon request. Scotiabank (Ireland) Designated Activity Company is authorised and regulated by the CBI Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.*

*This publication is not a research report and is considered a marketing communication only. Consequently, this commentary is not governed by rules applicable to the publication and distribution of research reports, including relevant restrictions or disclosures required to be included in research reports and has not been prepared in accordance with EU legal requirements designed to promote the independence of investment research. This publication is not meant to provide information sufficient upon to base an investment decision, or to replace any due diligence or analytical work required by you in making investment decisions. The information contained in this publication is not subject to any prohibition in the EU on dealing ahead of the dissemination of investment research. This communication has been prepared and distributed by staff of Scotia Capital Inc.'s Institutional Equity Sales and Trading Desk (a Canadian Investment Dealer, member of IIROC) solely for the use of sophisticated institutional investors. Past performance or simulated past performance is not a reliable indicator of future results. Forecasts are not a reliable indicator of future performance. The opinions and statements contained herein are intended for information purposes only and are subject to change without notice. In addition, the opinions and statements contained herein are based on information taken from sources believed to be reliable, but no representation or warranty, express or implied, is*

made as to their accuracy, completeness, or timeliness. Furthermore, the opinions expressed herein represent the personal views of the writer and may not be shared by other members of the Institutional Equity Desk or other areas, units, divisions or affiliates of Scotia Capital Inc. Additionally, either the Institutional Equity Desk or other areas or divisions could trade in accordance with the views expressed or trade against these views. Any transactions by US Institutional Investors in any security mentioned or referenced in this publication cannot be effected through Scotia Capital Inc. and must be executed with a U.S. broker-dealer, including Scotia Capital (USA) Inc., an affiliate of Scotia Capital Inc. Scotia Capital (USA) Inc. is a registered broker-dealer with the SEC and is a member of FINRA, the NYSE and SIPC.

Scotia Capital Inc., its directors, officers, employees, affiliates or clients may currently or from time to time own or hold interests in long or short positions in the securities referred to herein and may at any time make purchases or sales of these securities as principal or agent. Scotia Capital Inc. or its affiliates may have provided or may provide investment banking, capital markets advice or other services to the companies referred to in this communication. This email should not be construed as investment advice or as an offer to sell or a solicitation of an offer to buy any securities or other financial instruments. Neither Scotia Capital Inc. nor any of its officers, directors, partners, employees or affiliates accepts any liability for any direct or consequential loss arising from this publication or its contents. Scotia Capital Inc. recommends that investors independently evaluate each issuer and security discussed in this publication and consult with any advisors they deem necessary prior to making any investment.

**If you are subject to the prohibition on third-party benefits in relation to portfolio management and independent investment advice under MiFID II (Directive 2014/65/EU and the accompanying Regulation (EU) No 600/2014) or the UK Markets in Financial Instruments (Amendment)(EU Exit) Regulations 2018, each as amended from time to time, and should not have received this communication, please advise us in writing at [trade.supervision@scotiabank.com](mailto:trade.supervision@scotiabank.com)**

**Redistribution or onward forwarding of this email is strictly prohibited.** If you believe that this email was sent to you in error, please forward a message to that effect as soon as practicable to [trade.supervision@scotiabank.com](mailto:trade.supervision@scotiabank.com)

**The information is not advice, a recommendation, or an offer.** The information provided herein is intended for general circulation and does not take into account specific investment objectives, financial circumstances or the particular needs of any recipient. It does not constitute an offer or solicitation to buy or sell or subscribe for any security or financial instrument or investment product, or to enter into a transaction or participate in any particular trading or investment strategy.

**The information is not for Retail; no assurances as to results.** Trading in securities involves risks, including the risk of loss. This document and the products and strategies described herein (collectively, the "Products") are intended for use only by sophisticated professional and institutional investors as may be defined in the respective jurisdictions. Investors should consult their financial, legal and tax advisors and determine that the Products are suitable for their risk tolerance and investment objectives prior to engaging in any activity related to the Products. Scotiabank cannot provide any assurances that the Products will achieve their intended results or that the Products will outperform other similar products or strategies. While this document describes how the Products are intended to work under normal market conditions, the actual performance of the Products may not achieve their intended results, particularly during periods of unusually high volatility, unusually low liquidity and/or other extraordinary market conditions. Nothing in this document should be construed as tax or investment advice and no description of the Products-related transactions. If there are any matters arising from, or in connection with the materials, investors should contact their Scotiabank representative to seek further clarification.

<sup>1</sup> GBM&T does not deal with retail clients.